News Release

February 14, 2013

ZURICH®

Zurich maintains strong profitability in 2012 and proposes dividend of CHF 17

- **NIAS* of USD 3.9 billion, up 3% compared with 2011, Q4 NIAS of USD 983 million, up 82% compared with prior year**
- **BOP* of USD 4.1 billion, down 4% compared with 2011, Q4 BOP of USD 569 million, down 42% compared with prior year**
- **Combined ratio of 98.4%, compared with 98.9% in 2011**
- **BOPAT ROE 9.3%, down from 10.2% in 2011; NIAS ROE of 11.8% comparable to last year**
- **Pricing and portfolio management discipline generate strong underlying profitability**
- **Accelerating top-line growth in target markets**
- **Excellent investment performance delivering 7% total return**
- **Strong capital base and cash flows support a sustainable and attractive dividend proposal of CHF 17**

Select financial highlights – full year (12M) and fourth quarter (Q4) 2012*

(For a more comprehensive set of financial highlights covering the full year ended December 31, see page 9)

in USD millions, for the years ended December 31, unless otherwise stated	12M 2012	12M 2011	Change in USD	Q4 2012	Q4 2011	Change in USD
Business operating profit (BOP)	4,075	4,243	(4%)	569	985	(42%)
Net income after tax attributable to shareholders (NIAS)[1]	3,878	3,750	3%	983	540	82%
Total Group business volumes[2]	73,076	68,579	6.6%	19,111	17,850	7%
Net investment return on Group investments (calculated on average Group investments)	4.4%	4.8%	(0.4 pts)	1.4%	0.9%	0.5 pts
Total return on Group investments (calculated on average Group investments)	7%	5.3%	1.7 pts	1.8%	0.9%	0.8 pts
Shareholders' equity	34,494	31,484	10%	-	-	-
Diluted earnings per share (in CHF)	24.66	22.52	10%	6.21	3.24	92%
Book value per share (in CHF)	214.79	202.17	6%	-	-	-
Return on common shareholders' equity (ROE)[3]	11.8%	11.9%	(0.2 pts)	11.5%	6.8%	4.6 pts
Business operating profit (after tax) return on common shareholders' equity (BOPAT ROE)[3]	9.3%	10.2%	(0.9 pts)	4.7%	8.2%	(3.5 pts)

* Prior periods have been restated. The ending 2012 shareholders' equity is unaffected by the restatement. Due to the restatement, third quarter 2012 BOP and NIAS were higher by USD 264 million and USD 194 million respectively.

Zurich, February 14, 2013 – Zurich Insurance Group (Zurich) today reported a business operating profit (BOP) of USD 4.1 billion and net income attributable to shareholders (NIAS) of USD 3.9 billion for the year ended December 31, 2012.

"We delivered a solid performance in 2012, a year characterized by ongoing economic challenges. Our dividend proposal is again very attractive and reflects our confidence in the success of Zurich's business strategy as well as the Group's strong cash generation and capital base," said Chief Executive Officer Martin Senn.

"The integration of our acquired insurance businesses in Latin America and Malaysia is progressing well and contributing meaningfully to growth as evidenced in the strong contribution to profitability from these areas. In addition, during 2012, we expanded our bank distribution agreements through alliances in the Middle East, Italy, Spain and Indonesia."

"We continue to execute our proven strategy, growing our business in emerging markets while delivering a resilient performance in mature markets. This strong underlying profitability ensures we remain well positioned to continue to deliver for our customers, employees and shareholders in 2013."

The Group remains focused on delivering its targets. The underlying loss ratio for General Insurance continued to improve in 2012 and was 61.4% at year end. The business segment showed a strong underlying performance, which was adversely impacted by weather-related events, a continued decline in investment income as well as decreases in favorable development on reserves established in the prior years and by the previously announced financial adjustments in Germany.

In the course of the review related to the General Insurance business in Germany the Group determined that improper case reserving practices had resulted in errors which led to insufficient reserves for losses estimated in previous years. Additionally, the Group determined that deferred policy acquisition costs were overstated due to a system error in Germany. In aggregate the errors were deemed material and as a result, the Group has restated for prior periods in accordance with IFRS accounting standards. The restatement has no overall impact on shareholders' equity as of end 2012. Due to the restatement, third quarter 2012 BOP and NIAS were higher by USD 264 million and USD 194 million respectively. Full details are contained in the Consolidated Financial Statements (note 1) and analysts presentation.

Global Life maintained profitability levels while continuing to show growth in gross written premiums, policy fees and insurance deposits. The business segment strategy of diversifying geographically into target markets and diversifying product mix into protection and fee-based offerings, is offsetting the volume and margin pressures in Europe.

Farmers showed an increase in BOP of 5% in the management services company, while the second consecutive year of significant weather-related events and the absence of favorable prior year loss development compared with 2011 led to losses from reinsurance operations.

The non-core businesses recorded an increased business operating profit of USD 128 million resulting from an increased profit from other run-off businesses.

Total return on Group investments, which includes investment income, net capital gains and losses and impairments as well as changes in net unrealized gains and losses reported in shareholders' equity, was 7%, an increase of 1.7 percentage points compared with 2011. This excellent investment performance was achieved through a disciplined approach to investing relative to liabilities underpinned by prudent risk management.

The Group preserved an excellent capital position with shareholders' equity increasing by USD 3 billion to USD 34.5 billion.

Segment performance (in the year ended December 31)[4]

General Insurance:

in USD millions, for the years ended December 31, unless otherwise stated	2012	2011	Change in USD	Change in LC
General Insurance gross written premiums and policy fees	35,610	34,572	3%	7%
General Insurance business operating profit	2,097	2,247	(7%)	(5%)
General Insurance combined ratio (in %)	98.4%	98.9%	0.5 pts	0.4 pts

General Insurance business operating profit decreased by USD 150 million to USD 2.1 billion or by 7% in U.S. dollar terms and 5% on a local currency basis. This solid result reflects the sustained focus on disciplined underwriting and expense management, and is also evident in the improvement in the underlying loss ratio of 2.9 percentage points. The overall performance was impacted by above average levels of catastrophe, large and weather-related losses, including Storm Sandy as well as the previously announced financial adjustments in Germany. As a result of the review of the German General Insurance business, the Group has further strengthened its claims provisions in the fourth quarter by approximately USD 60 million for the lines impacted in the previous quarter and by approximately USD 70 million for other business lines. The German General Insurance segment has now reverted to business as usual where the risk of adverse development should be balanced by the possibility of favorable development. As indicated when reporting the nine months results, the Group remains confident that the issue was an isolated case with no significant issues elsewhere in the General Insurance business.

General Insurance gross written premiums and policy fees increased by USD 1 billion to USD 35.6 billion, or by 3% in U.S. dollar terms and 7% on a local currency basis. Given the strategic focus on selective and profitable growth, the segment achieved average rate increases of 4%, while continuing a disciplined approach to underwriting. Premiums continued to increase in the mature North American market and, while part of this increase was attributable to adjustments in premiums for prior year policies and rate increases, there were also improvements in both customer retention and new business. Premium growth was especially strong in International Markets through both organic growth and acquisitions, as well as in North America, while European results continue to be affected by lower levels of economic activity, particularly in some of the larger markets such as the UK, Spain and Italy.

Global Life:

in USD millions, for the years ended December 31, unless otherwise stated	2012	2011	Change in USD	Change in LC
Global Life gross written premiums, policy fees and insurance deposits	30,259	27,711	9%	16%
Global Life business operating profit	1,338	1,353	1%	5%
Global Life new business annual premium equivalent (APE)	4,030[5]	3,992	1%	5%
Global Life new business margin, after tax (as % of APE)	22.1%[5]	24.5%	(2.5 pts)	(2.5 pts)
Global Life new business value, after tax	890[5]	980	(9%)	(5%)

Global Life business operating profit remained broadly flat at USD 1.3 billion in U.S. dollar terms and increased by 5% on a local currency basis. The positive contribution from the insurance businesses acquired from Banco Santander S.A. (Zurich Santander) of USD 105 million net of non-controlling interests, was largely offset by a lower contribution from Europe, primarily as a result of special operating items in Germany. Risk margin improved with an increased proportion of protection products in new business, that together with improvements in expense margins, was offset by lower investment margin and lower net contributions from the impact of acquisition deferrals.

New business value after tax, including Zurich Santander and Zurich Insurance Malaysia Berhad (Zurich Insurance Malaysia), increased by 11% to USD 1.1 billion. Zurich Santander and Zurich Insurance Malaysia contributed USD 195 million, while new business value from ongoing operations was USD 890 million, a decrease of 9% in U.S. dollar terms or 5% on a local currency basis. Excluding the transitional impact of a methodology refinement for corporate protection renewals, the new business value on a local currency basis remained flat. Increased new business value in North America, Latin America, the UK and Switzerland offset the impact of the persistently low interest rates in Germany. Overall new business margin remains strong at 22.1%, a decrease of 2.5%, mainly driven by the methodology refinement and the impact of a high volume and lower margin social security transaction in Chile and partly offset by higher margin protection business particularly in North America and Spain.

Global Life continues to benefit from its investment in organic growth in target markets, while maintaining focus on shifting from the traditional savings business toward protection and unit-linked products, and leveraging its global strength in Corporate Life & Pensions and Bank Distribution.

Global Life gross written premiums, policy fees and insurance deposits increased by USD 2.5 billion to USD 30.3 billion or by 9% in U.S. dollar terms and 16% on a local currency basis as a result of the inclusion of Zurich Santander.

Farmers:

in USD millions, for the years ended December 31, unless otherwise stated	2012	2011	Change in USD	Change in LC
Farmers Management Services managed fees and other related revenues	2,846	2,767	3%	
Farmers Re gross written premiums and policy fees	4,361	3,529	24%	
Farmers business operating profit	1,414	1,486	(5%)	
Farmers Management Services gross management result	1,378	1,333	3%	
Farmers Management Services managed gross earned premium margin	7.3%[6]	7.3%	-	

Farmers business operating profit decreased by USD 72 million to USD 1.4 billion or by 5%, primarily due to a net underwriting loss incurred by Farmers Re. Farmers Management Services business operating profit increased by USD 71 million to USD 1.4 billion or by 5%, primarily driven by the increase in gross earned premiums in the Farmers Exchanges, which are managed but not owned by Farmers Group, Inc., a wholly owned subsidiary of the Group. Farmers Re business operating profit deteriorated by USD 142 million to a loss of USD 26 million, mainly reflecting the absence of favorable development of reserves established in prior years, which benefited Farmers Re during 2011.

Farmers Management Services management fees and other related revenues increased by USD 79 million to USD 2.8 billion or by 3%, which was driven by the 3% increase in gross earned premiums in the Farmers Exchanges. The 24% increase to USD 4.4 billion in gross written premiums of Farmers Re was mainly a result of changes in the All Lines quota share reinsurance agreement, as well as the 3 percent gross written premiums growth in the Farmers Exchanges. These changes were an increase in the Farmers Re participation in the Farmers Exchanges business to 20 percent effective December 31, 2011 from 12 percent throughout 2011 and a decrease in the All Lines participation to 18.5 percent effective December 31, 2012, subject to regulatory approval.

Other Operating Businesses: Other Operating Businesses, predominantly consisting of Headquarters' expenses and financing activities, reported an increased operating loss of USD 903 million, up USD 68 million from the same period in 2011. This was mainly driven by the absence of favorable impacts from foreign currency movements compared with the prior year as well as reduced income on short term deposits.

Non-Core Businesses: Non-Core Businesses reported a business operating profit of USD 128 million compared with a business operating loss of USD 8 million in 2011, resulting from an increased profit from Other run-off businesses as well as the partial gain realized from the reinsurance of Eagle Star Insurance liabilities to a third party.

Group investments:

in USD millions, for the years ended December 31, unless otherwise stated	2012	2011	Change in USD	Change in LC
Average Group investments	203,192	196,788	3%	
Net investment result on Group investments	8,911	9,367	(5%)	
Net investment return on Group investments (calculated on average Group investments)	4.4%	4.8%	(0.4 pts)	
Total return on Group investments (calculated on average Group investments)	7.0%	5.3%	1.7 pts	

The net investment result on Group investments, which includes investment income, realized gains and losses and impairments, contributed USD 8.9 billion to the Group's total revenues for the year ended December 31, 2012, a net return of 4.4%. Net capital gains on investments and impairments amounted to USD 2.2 billion, mainly driven by sales of debt and equity securities. Net unrealized gains reported in shareholders' equity increased by USD 5.3 billion since December 31, 2011, mainly driven by the tightening of credit spreads, falling yields on government bonds and a strong rally of equity markets. Total return on Group investments, which includes investment income, realized gains and losses and impairments as well as changes in unrealized gains and losses reported in shareholders' equity, was 7%, an increase of 1.7 points compared with 2011. This excellent investment return underscores the benefits of Zurich's continued disciplined approach to investing relative to liabilities on a risk-adjusted basis.

[1] Net income after tax attributable to shareholders
[2] Total Group business volumes comprises gross written premiums, policy fees, insurance deposits and management fees generated within General Insurance, Global Life and Farmers.
[3] See the Financial Supplement and the Operating and Financial Review on the Investor Relations' page of our website www.zurich.com.
[4] All further comparisons refer to the year ended December 31, 2012 unless stated otherwise.
[5] Does not include any contribution from the Latin American insurance operations acquired from Banco Santander S.A. (Zurich Santander) or from the acquisition of Malaysian Assurance Alliance Berhad (MAA), now known as Zurich Insurance Malaysia Berhad (ZIMB).
[6] Calculated based on gross earned premiums of the Farmers Exchanges of USD 18.8 billion, which excludes the return of USD 74 million in premiums as a result of the anticipated settlement of a lawsuit with the State of Texas.

Financial Highlights (unaudited)

The following table presents highlights from the consolidated results of the Group for the years ended December 31, 2012 and 2011 and the financial position as of December 31, 20112 and December 31, 2011. All amounts are shown in U.S. dollars and rounded to the nearest million unless otherwise stated with the consequence that the rounded amounts may not add up to the rounded total in all cases. All ratios and variances are calculated using the underlying amount rather than the rounded amount. This document should be read in conjunction with the Annual Report 2012 of the Group and with its Consolidated financial statements as of December 31, 2012. Certain comparative figures have been restated, as set out in note 1 of the Consolidated financial statements. Details of the financial results from the dates of acquisition to December 31, 2012, for the Latin American insurance operations of Banco Santander S.A. (Zurich Santander) and for other acquisitions and divestments are set out in note 5 of the Consolidated financial statements. In addition to the figures stated according to the International Financial Reporting Standards (IFRS), the Group uses business operating profit (BOP), new business measures and other performance indicators to enhance the understanding of its results. Details of these additional measures are set out in the Glossary These should be viewed as complementary to, and not a substitute for, the figures determined according to the IFRS. For a reconciliation of BOP to net income after income taxes see note 29 of the Consolidated financial statements.

in USD millions, for the years ended December 31, unless otherwise stated	2012	2011[1]	Change[2]
Business operating profit	4,075	4,243	(4%)
Net income attributable to shareholders	3,878	3,750	3%
General Insurance gross written premiums and policy fees	35,610	34,572	3%
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Global Life new business value, after tax	890[3]	980	(9%)
Farmers business operating profit	1,414	1,486	(5%)
Farmers Management Services gross management result	1,378	1,333	3%
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Net investment result on Group investments	8,911	9,367	(5%)
Net investment return on Group investments[5]	4.4%	4.8%	(0.4 pts)
Total return on Group investments[5]	7.0%	5.3%	1.7 pts
Shareholders' equity	34,494	31,484	10%
Swiss Solvency Test capitalization ratio[6]	178%	183%	(5 pts)
Diluted earnings per share (in CHF)	24.66	22.52	10%
Book value per share (in CHF)	214.79	202.17	6%
Return on common shareholders' equity (ROE)	11.8%	11.9%	(0.2 pts)
Business operating profit (after tax) return on common shareholders' equity (BOPAT ROE)	9.3%	10.2%	(0.9 pts)

1 December 31, 2011 has been restated as set out in note 1 of the Consolidated financial statements.
2 Parentheses around numbers represent an adverse variance.
3 Does not include any contribution from Zurich Santander or from the acquisition of Zurich Insurance Malaysia Berhad (ZIMB).
4 Calculated based on gross earned premiums of the Farmers Exchanges of USD 18.8 billion, which excludes the return of USD 74 million in premiums as a result of the anticipated settlement of a lawsuit with the State of Texas.
5 Calculated on average Group investments.
6 Ratios as of July 1, 2012 and January 1, 2012, respectively, are calculated based on the Group's internal model which is subject to the review and approval of the Group's regulator, the Swiss Financial Market Supervisory Authority (FINMA). The SST Ratio for January 1, 2012 has been restated following FINMA's review of the Annual SST Report.

Note to editors

A pre-recorded **video presentation** to accompany the **analyst and investor slide presentation** will be available from 06.45 hrs CET on our website www.zurich.com. The video can be accessed through the following link also on the iPhone und iPad: http://www.media-server.com/m/p/9496k2wh

Live media briefing
A media briefing for journalists is scheduled from 10.00 hrs to 11.15 hrs. with CEO Martin Senn and CFO Pierre Wauthier. The briefing takes place at the Auditorium of Zurich's Headquarters, Mythenquai 2, 8002 Zurich. The presentation will be held in English, the Q&A session is open for English and German questions. If you cannot attend you may dial-in and it is also possible to ask questions in the Q&A session. Please dial-in to register approximately 5 minutes prior to the start of the media briefing. Dial-in numbers please see below.

The **media presentation** will be available from 09.45 hrs on our website www.zurich.com. In addition to that **Remarks from Martin Senn** will be available after the end of the media briefing on our website www.zurich.com.

Q&A session for analysts and investors
A conference call with a Q&A session with CEO Martin Senn and CFO Pierre Wauthier solely for analysts and investors is scheduled to take place at 13.00 hrs CET. Media may listen in. Please dial-in to register approximately 5 minutes prior to the start of the Q&A session. The presentation will be held in English.

Dial-in numbers for Q&A session and media briefing:

- Europe +41 (0)91 610 56 00
- UK +44 (0)203 059 58 62
- USA +1 (1) 866 291 41 66

Supplemental financial information is available on our website www.zurich.com. Please click on the «Annual results 2012» link on the bottom left corner of our homepage.

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Zurich Insurance Group (Zurich) is a leading multi-line insurance provider with a global network of subsidiaries and offices in Europe, North America, Latin America, Asia-Pacific and the Middle East as well as other markets. It offers a wide range of general insurance and life insurance products and services for individuals, small businesses, mid-sized and large companies as well as multinational corporations. Zurich employs about 60,000 people serving customers in more than 170 countries. The Group, formerly known as Zurich Financial Services Group, is headquartered in Zurich, Switzerland, where it was founded in 1872. The holding company, Zurich Insurance Group Ltd (ZURN), is listed on the SIX Swiss Exchange and has a level I American Depositary Receipt program (ZURVY) which is traded over-the-counter on OTCQX. Further information about Zurich is available at www.zurich.com.

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Certain statements in this document are forward-looking statements, including, but not limited to, statements that are predications of or indicate future events, trends, plans or objectives of Zurich Insurance Group Ltd or the Zurich Insurance Group (the Group). Forward-looking statements include statements regarding the Group's targeted profit, return on equity targets, expenses, pricing conditions, dividend policy and underwriting and claims results, as well as statements regarding the Group's understanding of general economic, financial and insurance market conditions and expected developments. Undue reliance should not be placed on such statements because, by their nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results and plans and objectives of Zurich Insurance Group Ltd or the Group to differ materially from those expressed or implied in the forward-looking statements (or from past results). Factors such as (i) general economic conditions and competitive factors, particularly in key markets; (ii) the risk of a global economic downturn; (iii) performance of financial markets; (iv) levels of interest rates and currency exchange rates; (v) frequency, severity and development of insured claims events; (vi) mortality and morbidity experience; (vii) policy renewal and lapse rates; and (viii) changes in laws and regulations and in the policies of regulators may have a direct bearing on the results of operations of Zurich Insurance Group Ltd and its Group and on whether the targets will be achieved. Zurich Insurance Group Ltd undertakes no obligation to publicly update or revise any of these forward-looking statements, whether to reflect new information, future events or circumstances or otherwise.

All references to “Farmers Exchanges” mean Farmers Insurance Exchange, Fire Insurance Exchange, Truck Insurance Exchange and their subsidiaries and affiliates. The three Exchanges are California domiciled interinsurance exchanges owned by their policyholders with governance oversight by their Boards of Governors. Farmers Group, Inc. and its subsidiaries are appointed as the attorneys-in-fact for the Farmers Exchanges and in that capacity provide certain non-claims administrative and management services to the Farmers Exchanges. Neither Farmers Group, Inc., nor its parent companies, Zurich Insurance Company Ltd and Zurich Insurance Group Ltd, have any ownership interest in the Farmers Exchanges. Financial information about the Farmers Exchanges is proprietary to the Farmers Exchanges, but is provided to support an understanding of the performance of Farmers Group, Inc. and Farmers Reinsurance Company.

It should be noted that past performance is not a guide to future performance. This communication does not constitute an offer or an invitation for the sale or purchase of securities in any jurisdiction.

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Please note: In case of discrepancies (of any kind) between different language versions of this media release, the English version shall prevail.